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Hispanic BUSINESS®

Making Diversity Work

A Roundtable Report

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Hispanic BUSINESS

The magazine for growth companies and ladder-oriented professionals

February 1991 Volume 13, Number 2

20

Maggie Pena is concerned about how her industry manages diversity.

14

The resignation of Emilio Nicolas from KMEX TV raised concern.

Cover ID

Roundtable members, from top: Maggie Pena, Louis Laguardia, Arleane Baltrusitis, and Teo Diaz.

Finance

10

Victims of Benign Neglect Hispanic-owned S&Ls suffer.

Media

14

The Gathering Storm in Broadcasting Where are the Mexican-Americans?

Cover Story

20

Diverse We Stand Pioneers at the Roundtable.

Women

26

Where's the Fast Track? Women in middle management.

Consumer Showcase

30

Bits & Bytes Home is where the work is.

36

Risk & Return The Zeros add up.

38

Wheels & Deals The key is inventory control.

Travel

42

Mexico's Mazatlan Means More El Cid is one of the top hotels.

Departments

Direct Line 4

Mail Bag 6

View Point 8

People Talk 46

The Markets 48

500 Plus 50

Business Notes 51

Media/Marketing 54

Math-based Careers 55

Book Reviews 58

BPA MEMBERSHIP APPLIED FOR 1/90.

DIRECT LINE

Over the years, this magazine has focused consistently on three or four editorial themes affecting the economic development of the U.S. Hispanic population.

One of our main themes has been the state of the Hispanic business economy, with a special reference to its potential for growth as the century comes to an end. We track U.S. Hispanic business activities through a number of annual stories seeking to measure rates of growth and integration with the broader business economy.

Similarly, we regularly report on the growth of the Hispanic consumer market, and its integration with the country's larger market forces. Our assumption is that such integration reflects ever wider recognition of the rise in U.S. Hispanic economic power.

We also regularly feature editorial matter focused on the relationship between Hispanic demographics and the composition of the corporate and government work force. But until now we had not fixed on an editorial perspective which adequately described that relationship, because neither affirmative action nor equal opportunity has ever really become a useful tool for Hispanic white collar workers.

Why? Perhaps because historically this country's public and private institutions have associated the term "minority" primarily with African-Americans. Moreover, Hispanics have not always felt comfortable with the status designation that comes with the broad social meaning of minority.

But now undeniable demographic realities and economic pragmatism seem to be hatching a corporate perspective on work force diversity that makes sense for Hispanic professionals.

Both the affirmative action and equal opportunity designations are deeply rooted in historic wrongs and the civil rights struggle. But the new reality is that the work force will of necessity be diverse: successful competition will depend on a company's ability to manage that diversity for maximum productivity.

Management of diversity is a concept that affects the bottom line directly, rather than appealing to the heart, and one that affects and motivates all employees rather than just isolated groups.

This issue's cover story by Senior Editor Rick Mendosa, "Diverse We Stand," focuses on the large companies that have taken the lead in effective diversity management. Representatives of these pioneering firms—the "HISPANIC BUSINESS Diversity Roundtable"—provide us with a picture of how enlightened management is turning what many see as a problem into a competitive opportunity.

Several other major stories in this issue also play on the theme of management opportunities. "Where's the Fast Track?" by Maura Mackowski examines opportunities for the advancement of Hispanic women in middle management. "The Gathering Storm in Broadcasting" by Hector Cantu paints a troubling picture of limited management level employment opportunities for Mexican-Americans in Spanish broadcasting. And an article by Leigh Guren, "Home Sweet Profit Center," explores some of the varied equipment that is currently available to entrepreneurs launching an at-home business.

Editor & Publisher

Hispanic BUSINESS

EDITOR AND PUBLISHER
Jesus Chavarria

ASSOCIATE PUBLISHER
Bonnie Chavarria

MANAGING EDITOR
Janet Glasheen
SENIOR EDITOR
Rick Mendosa
PRODUCTION ADMINISTRATOR
Sharon Everitt Murphy
ASSOCIATE EDITOR/RESEARCH
Michelle Vachon
RESEARCH ASSOCIATE
Joseph Wells

CONTRIBUTING EDITORS
Dory Owens, George Volsky Miami, ***Roger Hernandez*** New York, ***Steve Bergsman*** Phoenix, ***Maura Mackowski*** St. Louis, ***Mark Nelson*** San Francisco, ***Joel Russell*** Santa Barbara, ***Richard Parker*** Washington

AUTOMOTIVE EDITOR
Ralph Gray

ART DIRECTION, DESIGN & PRODUCTION
Buffalo Brothers Studios West

CIRCULATION DIRECTORS
Seymour S. Zogott, Mary C. Zogott

ADVERTISING
Main Office:
Arthur N. Markos, Nat'l Sales Mgr.
David Barton, Account Exec.
Berdette Robison, Account Exec.
Dolores R. Lamas, Advertising Admin.
360 S. Hope Ave., Ste. 300C
Santa Barbara, CA 93105
(805) 682-5843

New York Sales Office:
(212) 688-0052

SPECIAL EVENTS MARKETING
Sr. Project Officer
Johna Sharp
Sales and Marketing
Elena Sanchez
Project Officer
Lysa Kessman
Sr. Account Executive
David Brown
Project Administrators
Wendy Freeman, Priscilla Smith

CONTROLLER
Daniel F. Spiegle III
BOOKKEEPER
Lois Rich

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FINANCE

Victims of Benign Neglect

Hispanic-owned S&Ls are being crushed unfairly by federal "protection."

By Joseph Wells

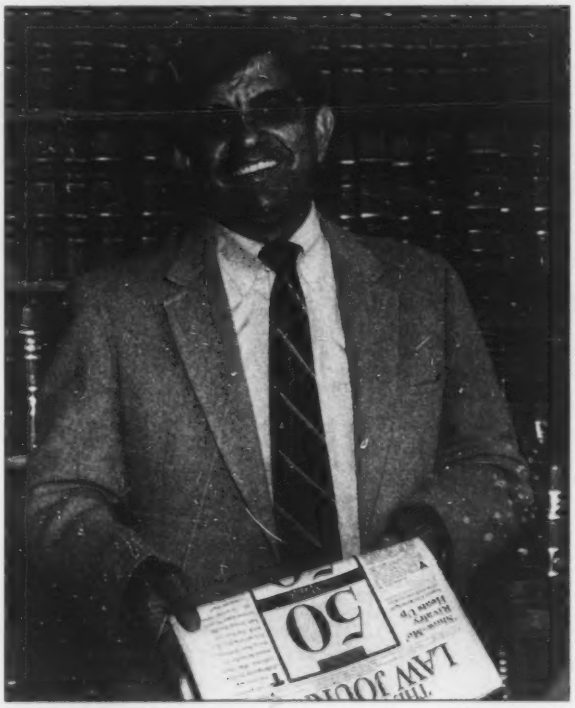
Speaking up in defense of the ailing savings and loan industry is not a great way to make friends these days. But standing up for minority-owned S&Ls is exactly what the Latino Issues Forum has been doing.

"It's a difficult issue that a lot of people turn away from," says Forum member Carlos Melendrez. Indeed, most people will jump up in support of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, which the government is using to enforce tighter control of America's miltibillion-dollar savings and loan crisis. But not all S&Ls are junk bond-based operations. And that was the point that the Latino Issues Forum wanted to make last July when it ran a full-page letter to the Bush Administration in the western edition of *The New York Times*.

The letter that the Forum sponsored, with the support of seven other Hispanic organizations, called attention to the plight of Pan American Savings Bank, the second largest minority-owned thrift in the nation. The message was that Pan American was one of only two Hispanic-owned S&Ls in all of California, which has a Hispanic population of 7 million, and that it was about to be "crushed by the weight of rules intended for giant speculators."

Pan American was being treated like the many S&Ls that had invested in junk bonds, engaged in redlining (discrimination), assisted speculators, or engaged in fraud...and as a result lost tax payers' money. But it was not guilty of any of these highly publicized transgressions.

Pan American was in fact making a profit. Yet, says Mario R. Castro, the thrift's chairman, "our very existence is endangered. The new regulations require us to double our capitalization, which is next to impossible. And, according to those regulations, we can't make small business loans or loans on 'mixed' buildings [buildings with both multiple residential units and one or more storefront businesses]." Under current Office of Thrift Supervision (OTS) regulations, such buildings are technically 100 percent "commercial properties," and thus too risky to support loans.



John Gamboa, executive director of the Latino Issues Forum, leads an effort supported by other Hispanic groups to bring the plight of minority-owned S&Ls to the attention of the federal government.

Unfortunately for Pan American, it has traditionally made many loans on mixed buildings, which are common in the Mission district of San Francisco where the thrift is located, and the institution was about $18 million over its allowable limit on such loans when the new restrictions came into effect. Pan American was ordered to stop such lending immediately, even though it had never had a single foreclosure on a mixed property.

"We're fighting, but are still managing to be profitable," Mr. Castro points out, adding that "the OTS forced us to mark down the value of our headquarters building by $5 million. That virtually destroyed our capital base."

Pan American is not the only minority-owned thrift caught unfairly in the S&L witch hunt. Far from it. According to John Harshaw, president of the American League of Financial Institutions—an organization that represents minority-owned S&Ls—the number of minority institutions in this country (including eight in Puerto Rico) declined from 71 in March 1989 to 51 in March 1990.

Why should well run minority S&Ls be tarred with the same brush as everyone else? In Mr. Harshaw's opinion, it goes back to a more basic problem: "Regulators have historically viewed us [minorities] as a headache. We aren't real to them. When they get a chance to close us down, they do. And there are plenty of records to support this."

The records he's referring to go back to 1980, when George Bush became Vice President. They show, for instance, that there were seven Hispanic-owned S&Ls in Texas in 1980. Now there are none. There were eight in California. Now there are two. There were 29 Hispanic S&Ls altogether. Now there are only eight in the entire country.

A press release issued by the Latino Issues Forum prior to a meeting with OTS Director Timothy Ryan in September 1990 summarized the situation thus: "Today there are only eight Hispanic, 11 Asian, 24

African-American, and one woman-owned S&L left in our nation. These institutions are an endangered species, due to the 'benign neglect' of the federal government, including the Office of Thrift Supervision."

Later, on October 25, the League of Financial Institutions sent a letter to the OTS asking why they didn't have a policy for dealing with minority thrifts. The OTS response was a "Policy Statement on Minority-Owned Thrift Institutions" that, according to Mr. Harshaw, "doesn't say anything. It's all negative. It says 'This is what we'll do when we shut you down.' But nothing about what they'll do to keep us open. It is general and has no specifics—sort of like saying 'I like children.' It contains no concrete policy or guidelines."

About all it does say, Mr. Harshaw goes on, "is that when they sell us, they will attempt to sell us to a minority buyer. And there's nothing about working to increase the number of minority thrifts." Although, he says, the OTS worded its press release to make it seem that they had committed, in their words, to "preserve the number and character of minority-owned depository institutions."

Still, "getting the government to recognize and admit the problem is an important step," says John Gamboa, executive director of the Latino Issues Forum. But, Mr. Melendrez adds. "We don't want them to think that throwing us a bone will satisfy us. We'll have to keep up the pressure, to force the government into more specific policies," he insists.

Another, almost ironic, aspect of the federal government's attempt to punish all S&Ls equally is its undifferentiated enforcement of the Community Reinvestment Act. This regulation is designed to reduce redlining—discrimination against inner city residents and minorities. "Some institutions practice red circling," Mr. Gamboa explains, "segmenting off whole neighborhoods, saying that they don't make loans there as a matter of policy. A study published last year in the *Atlanta Constitution* showed that the biggest S&Ls are doing the most redlining. They identified American Savings, which the government recently bailed out, as a major offender."

Mario R. Castro, chairman of Pan American Savings Bank, the largest U.S. Hispanic-owned S&L, says its "very existence is endangered" by laws to control giant speculators.

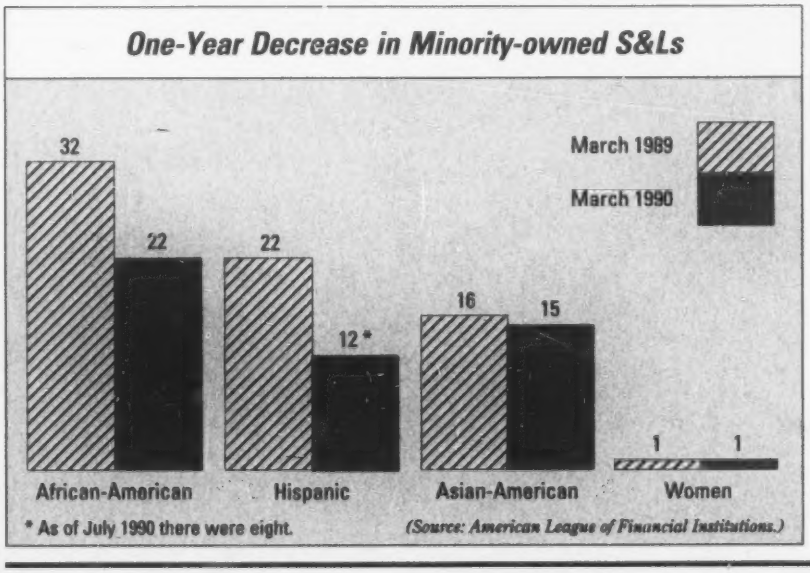
As with the Financial Institutions Reform, Recovery, and Enforcement Act, the Community Reinvestment Act applies one standard to all S&Ls, including those owned by minorities. The Reinvestment Act requires them to deal more with the community where they are located, to participate more in low-cost residential units, and to invest in advertising to inform the community about the financial options that are available to them.

As a result, Mr. Castro says in exasperation, "Part of the government is telling us we have to stop supporting the minority population here, and another part is telling us we have to do more." And importantly, says James B. Brasil, president of Pan American Savings, "We simply can't afford to be advertising or investing in this way."

To sum it all up, Mr. Melendrez points out, "It's fine to slap penalties on the crooks, but imposing enormous capital restrictions on the innocent S&Ls along with the guilty ones is unfair." Unfortunately, these individuals recognize that many Americans are blaming *all* S&Ls for the current crisis. Even some of the Hispanic organizations that the Latino Issues Forum approached for sponsorship of their letter to President Bush in *The New York Times* refused to provide any support at all.

That letter concluded by saying it represented the combined interests of nearly 7 million California Hispanics in respectfully urging President Bush to step in personally, investigate all of the facts, and help to preserve an endangered species—the minority-owned S&L.

To date, the President has not stepped in, according to Mr. Gamboa, and response from the Office of Thrift Supervision has been perfunctory.



COVER STORY

Diverse We

HISPANIC BUSINESS introduces the Diversity Roundtable.

By Rick Mendosa

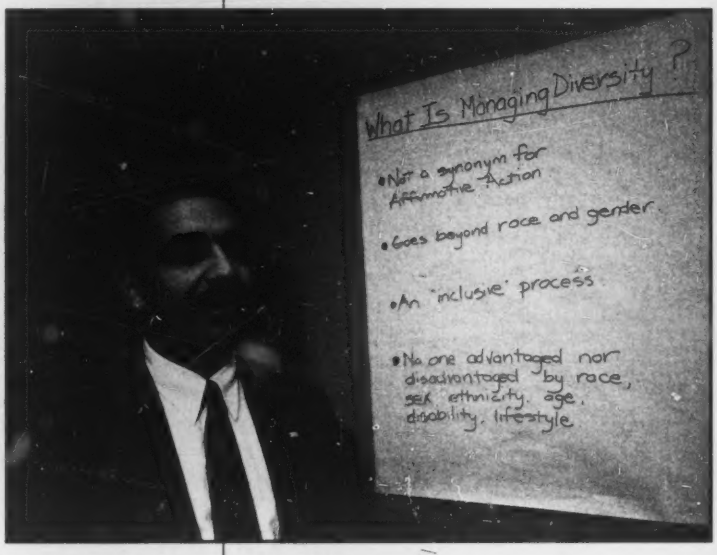
Will the steam driving the new emphasis on managing diversity build enough pressure fast enough? As our work force grows older, more female, and more minority, will this new emphasis on making full use of all workers take up the slack left by the federal government's increasingly benign neglect of affirmative action programs?

The stark reality, as "the American century" comes to a close, is that our work force is growing slower than our economy. As the Department of Labor's influential "Workforce 2000" report first hightlighted in 1987, only 15 percent of all new entrants to the labor force through the year 2000 will be mainstream men, by comparison with 47 percent in that category as of 1987. The report went on to emphasize the crucial necessity of integrating African-American and Hispanic workers fully into the economy.

This first annual HISPANIC BUSINESS Managing Diversity Roundtable sets out to explore what some of America's leading companies are doing as they carry out the biggest employment policy transition since the beginnings of affirmative action 30 years ago. We sought the views of representatives from several "pioneering" firms, and other experts in the field. The corporations represented on the Roundtable include Allstate Insurance Company, American Express Company, AT&T, Avon Products, BankAmerica Corporation (Bank of America), U S West, and Xerox.

We conclude that if other companies follow the pioneers' lead, corporate actions to manage a diverse work force will be as widespread by the end of the century as affirmative action programs ever were.

And, unlike affirmative action, these new objectives will be part of each company's business strategy, its very fiber. They are not imposed, nor a responsibility isolated in the human resources department, nor pursued for specific individuals only. Rather, productive diversity will be an essential goal of the company, pursued to make the company more competitive, supported by every employee.


What Is Managing Diversity?
•Not a synonym for Affirmative Action
•Goes beyond race and gender.
•An "inclusive" process
•No one advantaged nor disadvantaged by race, sex, ethnicity, age, disability, lifestyle

"Managing diversity goes beyond the moral and legal requirements of affirmative action and includes everyone," says Allstate's Employment and Workforce Diversity Manager Teo Diaz.

First, is managing diversity considered a competitive issue at the pioneering companies?

It certainly is at consumer-products giant Procter & Gamble. So much so that they aren't talking about it. When a company can resist the urge to brag about something smart it's doing, you know it's onto something really good.

"We make no apologies for considering this a competitive issue," says Lynwood Battle, P&G's manager of corporate affirmative action. "When it gets right down to it, the companies that are going to survive and thrive in the next century are the ones that take full advantage of their work force." These comments were made to *Personnel Journal* in 1989. But when HISPANIC BUSINESS asked to interview Mr. Battle for this article, company spokesperson Sydney McHugh cut us off, stating that "for competitive reasons I can't tell you very much about how we view the subject."

"Procter & Gamble was a pioneer in recognizing the importance of managing diversity," says Lewis Griggs, president of Copeland Griggs Productions in San Francisco. With the support of P&G and 49 other major American companies, Mr. Griggs de-

Stand

veloped an educational film series in the mid-'80s entitled "Valuing Diversity," now used by more than a thousand businesses and schools. P&G's Mr. Battle "is no longer able to be as helpful [on this subject] as he used to be because his hands are tied by the company," Mr. Griggs explains. "And that's beginning to happen everywhere."

While no other major companies seem to be playing their diversity cards quite as close to the chest as P&G, management of a pluralistic labor pool is clearly a competitive issue for at least three of the companies whose representatives responded to our question. Louis Laguardia at American Express, for example, says his company definitely expects "a return on its investment in diversity management." Mr. Laguardia, the senior vice president of human resources for the Consumer Card & Financial Services Group of American Express Travel Related Services, says frankly, "We do it to make this company more competitive."

Diversity is a strategic issue for AT&T too, according to Ben Cavazos, a division manager for customer contract management. Mr. Cavazos, who is also president of the Hispanic Association of AT&T Employees (HISPA), says this is because "if we don't manage diversity effectively, then given the demographics of both the marketplace and the labor pool, we are going to set ourselves up to be less successful than we'd like to be."

Anne Fritz, division manager for affirmative action and diversity at AT&T, concurs that the company views managing diversity as a competitive issue. And at U S West Inc., Darlene Siedschlaw, director of EEO/AA, agrees that her company's emphasis "absolutely is a competitive issue—it makes good business sense."

So for all of these leading companies and a few others, "managing diversity" has become the watchword of the '90s. Watchword, not buzzword.

But elsewhere, is managing diversity more of a buzzword than a reality?

One industry that hasn't even heard the "buzz" yet is the entertainment business. Maggie Pena, who is manager of finance for Paramount Pictures Corp.'s video distribution business and president of the National Society of Hispanic MBAs, says the entertainment industry in general is not yet even "aggressive" about affirmative action, and certainly "hasn't got as far" as considering how to manage work force diversity.

Other companies do treat diversity as a buzzword, says Mr. Griggs, who studied many companies in developing the "Valuing Diversity" films. "At some places they grab the concept of managing diversity so they can do less—and dismantle the affirmative action and equal employment opportunity programs," he says. "And I'm sure that in many places they think diversity is a nice new sexy word for doing the same old thing."

None of this bothers Mr. Griggs though, because in his view, "The demographics are real and are not going to go away." Many companies began to take notice of the demographics about four years ago, he points out. The breakthrough came with what could have been just another report to gather dust on the shelf. The report, called "Workforce 2000," was done for the Department of Labor by the Hudson Institute to document labor market trends through the end of the century. "Workforce 2000," which was issued in July 1987, was the "triggering vehicle for focusing everybody's attention on work force diversity," says Ted Payne, manager for corporate affirmative action and work force diversity for the Xerox Corporation. "Diversity was being talked about to a degree before," Mr. Payne remembers, "but I would call the report a galvanizing event that crystallized the issue in a lot of people's minds."

How is managing diversity different from affirmative action?

In the old days, corporations could neatly limit their affirmative action programs to their human resources offices. But by its very nature, productive diversity is a goal that every employee in the company must deal with.

At Avon Products Arleane Baltrusitis (left) and Yvonne Jackson work together to sustain a focus on diversity. Ms. Baltrusitis heads Avon's Hispanic Network and Ms. Jackson is vice president for human resources.

At Bank of America, the difference between affirmative action and managing diversity is that now "a large segment of the training program that every manager goes through is on managing diversity," says Ennio Quevedo-Garcia, a vice president and

marketing director. "I have seen the bank make deliberate efforts to identify key minority contributors, provide developmental experiences for them, and then promote them."

Teo Diaz, Allstate's employment and work force diversity manager, who also headed the company's Hispanic Forum until last year, points out a fundamental difference between Allstate's current emphasis on managing diversity and its earlier focus on supporting affirmative action. "Managing diversity goes beyond the moral and legal requirements of affirmative action and includes everyone," Mr. Diaz explains.

"When we begin to address managing diversity," he continues, "We didn't know what kind of reaction we were going to get." It turned out that when they defined this goal as something much broader than affirmative action, they experienced broader acceptance. "Now, if the mainstream man doesn't know how to work with women and people who are culturally diverse," Mr. Diaz observes, "he himself may be negatively affected in terms of moving ahead, so he is accepting management of diversity much more positively than affirmative action, which excluded him."

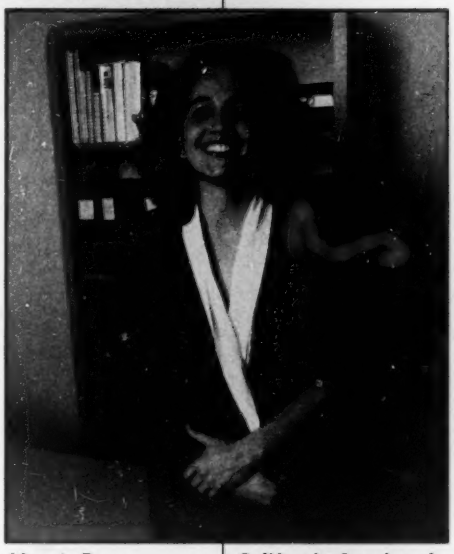
What are the companies that led the way in recognizing America's new employment realities?

Our survey elicited broad agreement on three companies in three parts of the country: U S West, Hewlett-Packard Company (HP), and Digital Equipment Corporation (DEC). U S West's headquarters are in Englewood, Colorado, a suburb of Denver. HP's home base is in Palo Alto, California, and home for DEC is Maynard, Massachusetts.

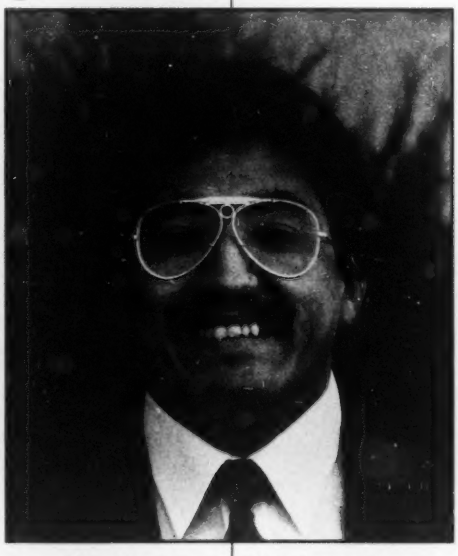
Right behind these top three companies come nine more. These are, in alphabetical order, Allstate, American Express, AT&T, Avon, Bank of America, Du Pont, Honeywell Inc., P&G, and Xerox. Of the 12 pioneering companies it is probably no coincidence that half have Hispanic employee organizations (see "Hispanic Employee Organizations in Major U.S. Corporations," **HISPANIC BUSINESS**, January 1991).

Honorable mention also must go to three more companies: Johnson & Johnson (particularly its Ortho Pharmaceutical subsidiary), Levi Strauss and Company, and McDonald's Corporation.

The movement is not limited to businesses either. According to Gordon Mack, director of cultural diversity for the YMCA of the USA, two pioneering nonprofits are the American Red Cross and the YWCA. Although the YMCA's emphasis on diversity is more recent, it developed a video entitled "Enriching the YMCA with a Multi-racial Workforce," which it shows to all its employees. And in academia, Joe Cordero, coordinator of special employment programs at the University of California, San Diego credits the University of California, Los Angeles for being ahead of even his own institution in recognizing the importance of managing diversity.



Maggie Pena, manager of finance for Paramount Pictures Corp.'s video distribution business, says her industry is neither aggressive about affirmative action nor concerned with diversity.



Felix Alvarez of U S West says there is no skepticism any more about pluralism in his company.

Why is your company a pioneer in diversity management?

At U S West the emphasis on what they call "pluralism" is even older than the company itself. It started in the mid-1970s with Jack MacAllister, who was then the CEO of Northwestern Bell, one of U S West's predecessor organizations. Mr. MacAllister, who recently retired as U S West's CEO, originally "was perceived by his peers as being out of step for addressing issues that would cause problems," recalls EEO/AA Director Ms. Siedschlaw. "He recognized that we needed to address racism and sexism at Northwestern."

The outcome of Mr. MacAllister's groundbreaking effort was probably the first set of workshops ever to address these issues. The week-long seminars, one on racism and one on sexism, were run by outside contractors. "Some people even questioned whether that was an appropriate way to spend the shareholders' money," Ms. Siedschlaw recalls. But his response to such questions, then and now, she explains, is that racism and sexism affect productivity, and productivity goes directly to the bottom line.

Nowadays Mr. MacAllister is hailed as a visionary. His work was featured in the "Valuing Diversity" series, and it is almost certain that without his leadership U S West would not have been one of the pioneers of pluralism. As Ms. Siedschlaw puts it, "Unless you have the commitment at the top, you may do some cosmetic things to the company, but you are not going to change the culture." By comparison, because of Mr. MacAllister's commitment, says Mr. Griggs, "If you go to U S West today, walk the halls, and sit down with the people, you will find that at a gut level the managers and employees clearly understand what we are talking about."

Another Diversity Roundtable pioneer is Felix Alvarez, head of U S West's Hispanic employee organization—SOMOS—and a project leader for its U S West Communications subsidiary in Seattle. Mr. Alvarez notes that his company's terminology is different than that used by most businesses. What other companies call "diversity," they call "pluralism." And instead of "minorities," U S West has "people of color," although not everyone cares for that term. Whatever the labels, Mr. Alvarez notes that in his 12 years with the company he has seen some major changes in human relationships. "In the beginning there was a skepticism regarding what pluralism was all about," he recalls. "Now there's no skepticism anymore. People understand that this is our way of doing business." Also in those 12 years, says Mr. Alvarez, he has seen "a growth in understanding of Hispanics."

"U S West is one of our models and we've talked to them a lot," says another Roundtable member, Yvonne Jackson of Avon. Ms. Jackson, who is Avon's vice president for human resources, reports that her company needed a lot of help in the early '70s. Avon was calling, but homemakers weren't answering. "This company almost missed the women's movement, and if you think about that strategically, it's a mind-blower," declares Ms. Jackson.

Discussing AT&T's management of diversity are (from left) Marie Santana, federal government affairs administrative director, Ben Cavazos, division manager for customer contract management, and Anne Fritz, division manager for affirmation action and diversity.

Then Avon moved through two stages, Ms. Jackson says. In the mid and late '70s, the first stage, they managed a fairly aggressive affirmative action program. Later, in the early '80s, Avon realized that affirmative action was being implemented for the wrong reasons, she says, "so we started to embrace the concept of multiculturalism, and that connotes valuing diversity."

In the first stage, at least, listening was the key. James Preston, now Avon's CEO, was executive vice president in the mid-'70s. He couldn't hear what women and minorities were saying, Ms. Jackson reflects, because their voices were "filtered through management." So he created and chairs a special organization—the Women and Minorities Participation Council—as a means of receiving back-channel communications. Avon too has stopped using the term "minorities," says Ms. Jackson. "As the population has grown, there really is no minority," she points out. "We talk about our segmented work teams and people." But several ethnically identified groups have grown out of the Women and Minorities Participation Council, including Avon's Hispanic Network, which is now headed by the company's Manager of Corporate Employee Benefits, Arleane Baltrusitis.

Avon's emphasis on managing diversity was clearly market driven, Mr. Griggs concludes. "If you knock on diverse doors, you have to deal with diversity, and you need diverse people to do it."

Allstate's Mr. Diaz is another Diversity Roundtable pioneer. "You hear about Xerox, AT&T, and Bank of America as being leaders in this area," Mr. Diaz says, "and we think that at Allstate we are very much on top too. We just haven't had the publicity that those companies have."

"Allstate's emphasis on diversity is market driven, like Avon's, and that's fine," says Mr. Griggs. "It's worth pointing out that some companies are market driven, some affirmative action driven, and some growth driven, all in order to get to the same place—they've got a diverse work force that has to be managed more effectively." Allstate was another of the 50 companies that helped Mr. Griggs plan and finance the "Valuing Diversity" films.

Xerox is a good example of a company that accomplished much through affirmative action, says Mr. Griggs. "It's one of the clearest cases of companies that acted affirmatively merely because it was the right thing to do."

But according to Mr. Payne at Xerox, "In large measure it was because African-American men pressed the alarm button. The key events were the riots in Rochester—where our corporate headquarters were—and that got Xerox's attention. [African-American men] were very visible, very vocal, and very threatening. The squeaking wheel got the oil. So that's where we [Xerox] put most of our early emphasis and that is where we've gotten the biggest bang for the buck."

As a result Mr. Payne, an African-American himself, observes that "the progress of Hispanics, African-American women, and majority women is substantially below that of African-American men." And not surprisingly, Mr. Griggs points out that Xerox has a better reputation with African-American men than with any other minority group.

Across the country in California, Roundtable representative Robert Beck points out that Bank of America was already beginning to change its poli-

Continued on page 30

continued from page 24

cies when the "Workforce 2000" report came out. Mr. Beck, who is executive vice president for corporate human resources, says his company's appreciation of the demographics started in 1979. Because Bank of America does business almost entirely in California, it was propelled to the forefront by the imperatives of that state's leading edge demographics. The simple fact, says Mr. Beck, is that California's minorities will become the majority within two years.

It all started one fateful day in 1979, when Mr. Beck got a call from B of A's CEO, Tom Clausen. Mr. Clausen had a question: "There's a new decade coming—does it mean anything different, or is it just another 10 years?" After hiring the University of Michigan to study California's demographics, Mr. Beck concluded that the new decade indeed meant something different.

Bank of America was one of the early sponsors of the "Valuing Diversity" film series, as was American Express. "Three years ago American Express helped me make the first films in the series," Mr. Griggs recalls.

American Express has changed some of its policies because of demographic realities too, says Roundtable representative Mr. Laguardia. The company is shifting its emphasis from affirmative action and equal employment opportunity to valuing and managing diversity. They had "systems and programs that needed to happen and were good," Mr. Laguardia explains. "But now, from a business perspective, we must move on." He prefers to avoid the term "minorities." Rather, given the demographic realities, he sees such subgroups collectively as a "critical labor resource group."

For AT&T, the emphasis on managing diversity dates back at least to 1986. AT&T's Anne Fritz, who is division manager for affirmative action and diversity, recalls that several employee groups, including HISPA, began demanding management attention at about that time. "We want to talk to you about the environment at AT&T," some of them told Bob Kavner, then CFO and currently group executive for computer systems. Mr. Kavner listened and it started spreading, Ms. Fritz says. Also at about that time, Vice President John Petrillo in Atlanta became involved with the Positive Action Task Force, another group becoming concerned with AT&T's environment. "They were working independently, but on the same kinds of issues," Ms. Fritz explains.

Since 1986, AT&T's very large and dispersed corporate environment has begun to change, says HISPA President Mr. Cavazos. "When I first came into the business 16 years ago, we were looking at affirmative action issues. More than once mainstream people approached me and said, 'you were hired...or promoted...because you are a minority.'" In today's environment, Mr. Cavazos says, he no longer hears that blatant resentment.

Robert Beck, Bank of America's executive vice president for corporate human resources, says his company's goal is to "make sure we treat people as individuals based on their skills, knowledge, ability, and aspirations."

But AT&T is still searching for answers, says Mr. Griggs. Like American Express, "they are experimenting a lot and are rather unfocused." As evidence of the company's search for answers, Mr. Cavazos describes a recent meeting he had with AT&T's CEO, Bob Allen, to talk about issues and concerns. "He also attended our annual HISPA conference to talk about diversity and express his support of the organization," says Mr. Cavazos. "I think it is pretty impressive when the CEO of a multibillion dollar corporation concerns himself with sharing your concerns and following your progress."

How do the Roundtable members define their diversity policies?

The seven Diversity Roundtable companies use different terms to describe their objectives in managing diversity. And in fact the differences go beyond terminology. For many companies, managing diversity effectively means handling differences of race and gender. But for AT&T, the definition is "creating an environment where everyone can achieve his or her potential." And at U S West, says Ms. Siedschlaw, the objective is to deal with "the differently abled, plus racism, sexism, ageism, homophobia—the various isms—that do and can affect productivity."

And Allstate and Avon apparently go a step further, to the level of individual differences. "Diversity is not simply an issue of culture—it is whatever makes you different," says Allstate's Mr. Diaz. To that list of differences Avon's Ms. Jackson would even include personal style. Similarly, Bank of America's Mr. Beck says, "The goal is to make sure we treat people as individuals based on their skills, knowledge, ability, and aspirations, and recognize that they are all different. Diversity for us is a broad issue, not just a minority/majority question. It's different family styles, different lifestyle. It's a whole

bouillabaisse of issues, looking at both individual and company needs, and trying to make the two work together."

What are American corporations actually doing to provide a better place for their diverse work force?

Aspirations are one thing. Actions are another. According to a 1990 follow-up report to the "Workforce 2000" study, "The number of companies with programs aimed at addressing diversity issues is relatively small." Only 29 percent of the surveyed companies reported that they were training managers to value diversity. And just 42 percent have explicitly recruited minorities.

Clearly, the seven pioneering companies we've examined are doing much better than the national average. All seven have provided some diversity training to their managers.

Lewis Griggs is president of Copeland Griggs Productions, which created the "Valuing Diversity" film series, used by the pioneering companies in diversity management to raise employee awareness.

Again U S West leads the way. All 65,000 of its employees are scheduled to participate in their pluralism workshops within the next five years. Approximately 14,000 have already received this training, Ms. Siedschlaw says. In addition to offering a carrot in the form of training, U S West has added a bigger carrot. Compensation is tied to effective management of corporate pluralism. "If you want your bonus," Ms. Siedschlaw warns, "your performance in that area had better be reflective of the corporation's commitment."

At AT&T, according to Mr. Cavazos, the compensation of senior managers will also be tied to their level of success in managing diversity. To assist them, says Ms. Fritz, the company uses the "Valuing Diversity" films as an introduction to what managing diversity is all about, and "then we bring in consultants to work with small groups. Five or six different consultants are working with us right now," she explains. "Our sessions go anywhere from a group of 10 up to 40 or 50, where usually there will be more than one consultant."

Mr. Diaz says Allstate makes the "Valuing Diversity" films generally available to its 50,000 employees, although it keeps no record of the number who have actually seen it. "A breakthrough for us this year was [making] diversity one of the strategic business issues before the board of directors," he adds. "That means we are going to be talking about managing diversity in the same terms that we use to talk about other business issues, such as profits."

Allstate is also active in minority recruitment, says Mr. Diaz. Specific tactics in this regard include maintaining a booth at the national convention of the National Council of La Raza and working with SER-Jobs for Progress. College recruitment is focused in the Southwest, particularly the San Antonio area, where a "Corporate Strategies Workshop" teaches prospective employees the art of surviving in a corporation.

Furthermore, Mr. Diaz notes, "Our interest in employing Hispanics is evidenced by our use of the HispanData National Hispanic Resume Database [offered by Hispanic Business Inc.], which we subscribed to in July. We've hired three people through HispanData already, and this is one of our major attempts to attract Hispanics from around the country. We're hiring people who have worked in other companies, but are looking for a better career." Lysa Kessman, who manages HispanData, reflects that "companies which are becoming known for their creative and aggressive approach to sourcing diverse candidates use services like ours. Such companies include Allstate, American Express, Johnson & Johnson, Levi Strauss, McDonald's, and Bank of America."

At Bank of America, in fact, Mr. Beck says he's pursued so many recruitment, training, and policy initiatives that he doesn't know what is left to change. "Rewards, recognition, promotions—almost everything we're doing now is based on individual treatment, except we are trying to balance that with a focus on teamwork," he says. Consequently, Bank of America is far ahead of the national averages—42 percent of its employees are members of ethnic minorities, 72 percent are women, and half of all branch managers are women.

The policy that Mr. Laguardia is putting in place at American Express involves what he calls "a three-pronged strategy—paying critical attention to recruitment, then retention, then development." The training programs he's developing will be built around this platform.

Mr. Laguardia's emphasis now is on recruiting qualified members of the "critical labor resource group." "We have used many recruiters and Hispanic headhunters," he says, "including HispanData." Another current priority is to establish a "platform" that the company can use as a basis for management training and other programs.

Company benefits are another example of changes to reflect pluralism at American Express. "For several years we have had a flexible benefits program, which we are significantly enhancing this year," Mr. Laguardia says. "It gives the employee the opportunity to make choices. In the past there was a list of benefits, and if you were an employee that's what you got."

Only Xerox admits that it doesn't really know

what to do to develop an effective program to train managers in diversity issues. Considering the company's stellar affirmative action reputation this may be surprising to some. Estimating that perhaps half of Xerox's 111,000 employees have seen the "Valuing Diversity" films, Mr. Payne notes that while they make people aware of the issues, they do not constitute training. Rather, he says, they "beg the question of 'Now that you've made me aware, what do I do?' We have an incomplete program, and are looking at other vehicles to address this lack," he concedes.

Who helps these Roundtable companies train employees to deal with diversity?

The answer for most of them was the Copeland-Griggs "Valuing Diversity" awareness films, augmented by the use of outside consultants.

Luckily, says Mr. Griggs, "Lots of people are beginning to provide the follow-up training now. It will be part of business forever, so everybody is getting into it." The largest Hispanic consulting firm now working with diversity issues is de Candia International, a San Francisco-based management consulting firm headed by Mark Ortiz de Candia that specializes in helping corporations manage their diverse work forces. With a pool of about 200 consultants to draw upon, his firm serves such major clients as U S West, AT&T, the U.S. Navy, the State of California, and the Peace Corps.

Mr. Ortiz has a caveat about relying too heavily on the "Valuing Diversity" films. "Mainstream men, who control most of the companies in the U.S.," Mr. Ortiz says, "for the most part walk away from the films believing that they understand what they were talking about. The films have a finality about them that feels comfortable. That's unfortunate, because a day later nothing changes." Nothing changes, that is, unless the companies follow up with training. The approach Mr. Ortiz uses is "a process structured in the form of a workshop. We provide you with an experiential exercise." The result, he claims, affects people for a lifetime, although the workshops do require follow-up. At AT&T Mr. Cavazos has high regard for de Candia International, because "they have a good reputation as being professional and capable."

Corporate America's Response to a Diverse Work Force

(Based on a survey of 645 major corporations)

Type Program	Percent of companies that have programs
English Training	9%
Mentoring	10%
Immigration Assistance	11%
Support Groups	11%
Minorities Trained to Supervise	12%
Managers Trained to Value Diversity	29%
Minority Recruitment	42%

Source: "Competing in a Seller's Market: Is Corporate America Prepared?" a report issued in 1990 by Towers Perrin.

What would be the ideal diversity management program?

Given the relative infancy of this field, HISPANIC BUSINESS asked the Roundtable experts to describe their ideal program for developing diversity management skills. To begin with, a number of them took exception to the very concept of a "program" per se for managing diversity. Ms. Siedschlaw speaks for more than U S West when she says, "What we are doing is not a program, which implies a start and ending time. What we are doing is changing the corporate culture."

Several other companies have an ideal program in mind, but feel they lack sufficient funding to do it. For example, Ms. Jackson at Avon believes an ideal program would require "a lot of resources.

Assimilate or Adapt?

Who has to change? If America's businesses are going to manage their diverse work force they certainly will have to change, and that process is well under way. But will Hispanic (and other) employees have to change too?

The Hispanic leaders we spoke with have, let us say, diverse views on this subject. Diversity consultant Marc Ortiz de Candia, on the one hand, argues that Hispanics should not have to assimilate into the mainstream culture to be successful. That would be "saying you can't be what you really are," he asserts. On the other hand, a number of the Hispanic leaders we interviewed within major corporations stress a need to adapt to the reality of organizational culture as it is today.

"Minorities have to remember that it is easier for them to conform to the corporate culture than for the corporate culture to conform to them," says Henry Hernandez, president-emeritus of the National Society of Hispanic MBAs and a Lockheed Corporation manager in Houston. One change most Hispanic employees need to make is to talk more in meetings, says Felix Alvarez, a project leader for U S West Communications and head of SOMOS, the company's Hispanic employee organization. "If you're quiet," he points out, "the perception is you are not interested."

Mr. Alvarez also emphasizes that Hispanic employees need to let their supervisors know what they are doing. "We feel that if we do our job our bosses will recognize what we do," he observes, and as a result, "I hear from my folks, 'I work my butt off, but I still don't get promoted.'" Arleane Baltrusitis agrees. She is manager of corporate employee benefits for Avon Products Inc. and chair of the Avon Hispanic Network. "Hispanics don't sell themselves," she remarks. "In Anglo society that is common, but we see it as vulgar."

Also, says Ben Cavazos, AT&T's division manager for customer contract management, "As we grew up we were taught to be seen and not heard. In the corporate

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The way we are doing it is very slow, simply because we don't have the resources to plow into it."

The perceived expense lies in the need to train everybody in the corporation. As HispanData's Ms. Kessman puts it, "Valuing diversity means not only acknowledging the differences, but more importantly, learning the assets of a bilingual, bicultural co-worker. Whether you are the CEO or the administrative assistant, this principle is significant." Mr. Payne at Xerox supports this view. "My ideal program for diversity training would be to work with the very top management of the company to craft and tailor it to the Xerox environment, and then have each level of management cascade it down...put in the time to understand the issues."

Some visionaries, including Bank of America's Mr. Beck, say the ideal program will do away with the need to have an equal opportunity department. Specifically, says Mr. Griggs, this would require making sensitivity to differences a "part of every program in recruiting, training, hiring, compensation, human resource management, marketing, and advertising. It should be natural that we are comfortable talking about our differences instead of needing to ignore them. So, when we get there, we won't have a need for special programs."

When are we going to get there?

Not even one of these pioneering companies is satisfied with how it is doing. Mr. Payne, for example, says it took Xerox 25 years to get to the place it is today in affirmative action. "With work force diversity," he exclaims, "we have just barely scratched the surface—I see another whole 25 years. You don't turn around attitudes that people develop over 30 to 50 years with one training program."

Diversity consultant Marc Ortiz de Candia explains the difference between "assimilating" and "adapting" to a recent Pluralistic Leadership Workshop in San Francisco.

De Candia International's Mr. Ortiz sums it up by noting that diversity is hard to accommodate at the individual level, and therefore many times harder at the corporate level. "It is enormously difficult to make a change of the magnitude we are talking about," he concludes.

But when we succeed as a nation in making that change, we will tap into tremendous power, Mr. Griggs believes strongly. While the Japanese talk about how successful they are because they are homogeneous, he suggests, we can find even greater power in our diversity.

Imagine the strength in so many ways of looking at the world. Think of the potential productivity ready to be tapped.

world, if you are not assertive and don't share with people what you are doing, not only is it often seen as a weakness, but you are not able to work with the right people and be considered for the right job."

Mr. Cavazos, who is also president of the Hispanic Association of AT&T Employees (HISPA), sees "a whole slew of other things [that] preclude us from being successful. "Too often when our kids come into the corporation they don't understand the dress for success corporate style—the blue pinstripe suits and the power ties. Consequently they start slower than others who already know the rules of the ball game."

And "too often we keep to our little group of friends and are hesitant to go outside and establish new networks because we are shy, because we think we are different," Mr. Cavazos reflects. "One of the biggest keys to success in the corporation is networking and finding a mentor. Until you become part of the network and learn to think the way they think, your chances for success are not as good as they should be."

In contrast, Mr. Ortiz takes particular issue with the emphasis on dressing for success. "We should have a say in whether or not that's right," he states strongly. "We don't have that choice. That's a belief that's imposed on Ben, and that's how Ben got where he is. You dress this way, Ben, you cut your hair this way, you start talking this way, you start looking this way. If you sit down and talk with Ben, he's an assimilated Hispanic male—just like I am.

"The fact that you wear this kind of tie as opposed to that kind, this kind of shoe as opposed to that kind, has nothing to do with what you can contribute," Mr. Ortiz argues. "They are saying you *can't* be what you really are. That's different from adapting, where you clearly look at the system for what it is, and if you decide that is what you want to do, then so be it.

"In essence what we are telling each other is that you need to be a mainstream male," Mr. Ortiz concludes. "And everything that you once were is stripped away. Suddenly what we could have contributed we can't, because we aren't even Hispanic any more. We are something that looks like Hispanic but doesn't act like it, or talk like it, and isn't any more."

Clearly, whether to assimilate or to adapt is not a question of right or wrong. Rather it is a personal decision that each Hispanic who works in corporate America must make. Each one must ask, "What price am I willing to pay to get ahead?"